

The COVA HDHP (High Deductible Health Plan)

The COVA HDHP is an option for non-Medicare-eligible retiree group Enrollees. The following information provides an overview of its plan benefits. If you are establishing a Health Savings Account (HSA) in conjunction with the COVA HDHP, please be sure to consult your HSA administrator, financial advisor and/or the Internal Revenue Service regarding requirements and tax consequences associated with an HSA.

Who administers the COVA HDHP?

Anthem Blue Cross and Blue Shield administers the COVA HDHP, including all medical, behavioral health, EAP, prescription drug and dental benefits. If you have questions about this plan, you may contact Anthem Member Services at 1-800-552-2682. For behavioral health authorizations, contact 1-800-991-6045. To reach the Employee Assistance Program, call 1-800-346-5484.

How does the COVA HDHP work?

Medical Plan Benefits/Deductible: An important provision of the COVA HDHP, and one that should be carefully considered before electing this plan, is that there is a \$1,200 deductible for single coverage and a \$2,400 deductible for family coverage that applies to most medical, behavioral health and prescription drug benefits. Even though there are still separate *single*, *two-person* and *family* premium levels, the deductible is based on either a single participant (\$1,200 per plan year) or a family (\$2,400 per plan year for two or more family members). If you cover two or more people, your family group will have to pay a combined total of \$2,400 in deductible expense before anyone in your family group will be able to get a benefit for covered medical services. The only exceptions to the deductible are for covered Wellness Services and the Employee Assistance Program (EAP) which are covered with no deductible at 100% of the allowable charge.

Other than Wellness Services and EAP, once the annual medical deductible is met, the COVA HDHP pays 80% of the allowable charge for covered services, and you pay the remaining 20% coinsurance.

The Medical Plan Out-of-Pocket Expense Limit: The COVA HDHP has an annual out-of-pocket expense limit that protects participants from paying more than \$5,000 per covered member or \$10,000 for two or more family members in a plan year for covered services. The amounts you pay for coinsurance and your medical deductible count toward your out-of-pocket expense limit. Once any one family member/single participant pays \$5,000 in plan year out-of-pocket expense for covered services, that one family member/single participant will be covered at 100% of the allowable charge for the remainder of the plan year. If the family group consists of two or more members, once the total out-of-pocket expense reaches \$10,000, the entire family will be covered at 100% of the allowable charge for the remainder of the plan year.

Prescription Drug Benefits: It is important to remember that, like most other COVA HDHP medical benefits, prescription drug benefits are subject to the deductible, and are then covered at 80%. The prescription drug coverage is for generic drugs only, unless there is no generic equivalent available. If a COVA HDHP participant fills a prescription for a brand-name drug when a generic equivalent is available, the benefit will be 80% of the allowable charge for the generic drug. In addition to a network of retail pharmacies, mail service is available for participants' convenience. Prescriptions may be filled at an out-of-network pharmacy, but participants will have to pay the full price of the drug and then file a claim for reimbursement. Participants will not be reimbursed for any amounts over the allowable charge that would have applied had they filled the prescription at a participating network pharmacy.

Dental Benefits: The COVA HDHP also provides a dental benefit that includes coverage for diagnostic and preventive, primary, complex restorative and orthodontic services. There is a \$25 deductible per plan year for each covered family member, with a maximum of \$75 per year. There is also a \$1,500 maximum benefit per covered family member each plan year for services other than orthodontic services. There is a \$1,500 maximum lifetime benefit per covered family member for orthodontics, which does not count toward the \$1,500 annual plan year maximum. The dental deductible does not count toward the medical deductible, and dental expenses do not count toward the medical annual out-of-pocket expense limit. Coverage can range from 50% to 100% of the allowable charge, depending on the covered service. See the *Summary of Benefits* provided on page five for more information.

You may use in or out-of-network providers for your covered dental services, but out-of-network providers may charge more than the allowable charge, and you would be required to pay any charges above the allowable charge. Using in-network providers assures you that you will never be charged more than the

allowable charge for covered services, and you will never have to file your own claim.

Vision Benefits: There is no coverage for routine vision services under the COVA HDHP.

Are all providers covered under the COVA HDHP, or am I limited to a certain provider networks?

Participants in the COVA HDHP will be required to use the Anthem PPO network in Virginia or the BlueCard® PPO and BlueCard Worldwide® networks outside of Virginia for any medical, behavioral health or EAP services. Except in an emergency, these services will not be covered outside of the networks listed.

COVA HDHP participants may use out-of-network providers for covered dental services and prescription drugs. However, if you use an out-of-network dental provider, you may have to pay amounts above the allowable charge, and you may have to file your own claim. If you use an out-of-network prescription drug provider, the COVA HDHP will not reimburse you more than the allowable charge for the generic drug (if available) or the brand drug (if a generic equivalent is not available) that would have been paid had you used an in-network provider, and you will be required to file your own claim for reimbursement instead of getting benefits at the point of sale.

What is a Health Savings Account (HSA)?

An HSA is a tax-favored account that allows you to make limited tax-deductible contributions that can be used to pay for medical expenses. The dollars that you contribute to an HSA are your own and, if unused, can accumulate over years. You do not have to use your HSA contributions during the year in which you make the contribution. However, HSAs are federally regulated and have rules regarding contributions, withdrawals and qualified non-taxable expenses. The State Health Benefits Program does not administer an HSA, but if you enroll in the COVA HDHP, which is HSA compliant, you may be eligible to contribute to an HSA.

An important restriction associated with enrolling in an HSA is that the HDHP must be your only health plan. If you are covered by other, non-HDHP coverage (for example, a spouse's non-HDHP health plan or flexible spending account), you may not contribute to an HSA. As retiree group participants, you may have other considerations related to long-term savings options, tax benefits and loss of eligibility to the COVA HDHP due to Medicare eligibility. Be sure to consult your

tax advisor, bank or other financial institution for more information. Information is also available from the Internal Revenue Service.

What should I consider before enrolling in the COVA HDHP?

Be sure that you are financially prepared to pay the total amount of the deductible that will be required before your COVA HDHP medical benefits become payable—should your medical expenses result in that level of expense. Remember, the deductible is \$1,200 per person or \$2,400 for a family of two or more... and a family of two or more must pay the full \$2,400 before any benefits are paid. For example, if you have a family of two and one member has paid \$1,200 in deductible expense and the other member has paid \$1,000 in deductible expense, no benefits will be paid until an additional \$200 (total \$2,400) has been paid by the family group.

Be sure that you are financially prepared to pay the maximum potential out-of-pocket expense limit for which you would be responsible should your medical services result in that level of expense. Remember, an individual could potentially pay \$5,000 out of pocket in a plan year before the benefit increases to 100% coverage. If you are covering more than one family member (two or more total family members), the potential out-of-pocket expense could reach \$10,000 before the benefit increases to 100% coverage for all family members.

Before you are attracted by the lower premium level, be sure to consider these potential expenses carefully. If you have minimal medical expenses in a plan year, you may benefit strictly from the lower premium, but if your expenses are high, your out-of-pocket costs could far exceed the amount you are saving in premium cost. Also, be sure to consider whether or not you will be able to contribute to an HSA and, if you can, check with your tax advisor to be sure that you understand all of the implications of that type of savings.

Will I be able to stay in the COVA HDHP when I become eligible for Medicare?

Just like any retiree group participant, COVA HDHP participants must select a Medicare-coordinating plan when they become eligible for Medicare, regardless of age. If you are also considering an HSA, be sure that you discuss any tax and/or withdrawal implications associated with the HSA with your tax advisor should you cease to be eligible for the COVA HDHP due to Medicare eligibility.

Summary of COVA HDHP Benefits

This is a basic overview of COVA HDHP benefits. More detailed information will be provided in your Member Handbook if you enroll in this plan.

Medical Benefits	You Pay:
<i>Ambulance Travel</i>	20% coinsurance after deductible
<i>Behavioral Health</i>	20% coinsurance after deductible
<i>Diagnostic Tests and X-Rays</i>	20% coinsurance after deductible
<i>Doctor Visits</i>	20% coinsurance after deductible
<i>Employee Assistance Program (EAP)</i>	0% coinsurance—no deductible
<i>Emergency Room</i>	20% coinsurance after deductible
<i>Hospital Services</i>	20% coinsurance after deductible
<i>Maternity</i>	20% coinsurance after deductible
<i>Medical Equipment, Appliances, Formulas and Supplies</i>	20% coinsurance after deductible
<i>Outpatient Prescription Drugs</i>	20% coinsurance after deductible
<i>Shots</i>	20% coinsurance after deductible
<i>Wellness Services (including Well-Child, Routine Wellness and Preventive Care)</i>	0% coinsurance—no deductible

Dental Benefits	You Pay:
<i>Diagnostic and Preventive Services</i>	0% coinsurance—no deductible
<i>Primary Services (for example, fillings)</i>	20% coinsurance after deductible
<i>Complex Restorative Services (for example, crowns)</i>	50% coinsurance after deductible
<i>Orthodontic Service</i>	50% coinsurance after deductible up to \$1,500 lifetime maximum per enrolled member